

Nemak reports EBITDA of US\$121 M in 4Q22

Top-line growth supported by new product launches for electric vehicle applications

Monterrey, Mexico. February 14, 2023. Nemak, S.A.B. de C.V. (BMV: NEMAK) (“Nemak” or the “Company”) announced today its operational and financial results for the fourth quarter of 2022 (“4Q22”) and full-year 2022 (“FY2022”). The following is a summary of the key figures for the period:

	Fourth Quarter			Twelve months		
	2022	2021	Δ%	2022	2021	Δ%
Volume (M. Equivalent units)	9.7	8.2	17.8	39.5	35.7	10.5
Revenues	1,119	945	18.4	4,667	3,798	22.9
EBITDA ¹	121	133	(9.0)	542	567	(4.4)
CAPEX	176	144	NA ²	468	360	NA ²

US\$ Millions, except Volume

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash Charges

(2) NA = Not applicable

Message from the CEO

During 2022, we capitalized on new product launches in our e-mobility, structure & chassis segment (EV/SC), and on increased customer light-vehicle production as semiconductor supply chain constraints gradually eased, enabling us to achieve satisfactory results. In addition to delivering top-line growth, EBITDA finished above full-year guidance, thanks mainly to our improved product mix as well as negotiations with customers to mitigate the impacts of the year’s unprecedented inflationary environment.

We moved forward with our business strategy during the year and were awarded significant new contracts in the EV/SC segment. Our order book increased from approximately US\$1.05 billion at the end of 2021, to US\$1.60 billion annually, bringing us yet closer to our 2025 goal of US\$2.0 billion. We continued to expand our footprint in new product lines geared to meeting our customers’ electrification and lightweighting needs, advancing with the installation of three new plants dedicated to supporting the production of battery housings for fully electric vehicles.

As we leverage our experience in delivering innovative lightweighting solutions across our portfolio of EV/SC applications, we are well positioned to capture additional growth opportunities linked to the electrification trend. At the same time, we will continue to strive for excellence in the ramp-up of production for newly awarded business, facilitating our customers’ efforts to achieve their goals amidst the ongoing recovery trend in the global automotive industry.

Recent Developments

- During FY2022, Nemak won contracts worth approximately US\$790 million annually, with e-mobility, structure, and chassis applications (EV/SC) representing around 70% of that amount.
- Opening of the Engineering Center in Germany that specializes in developing cutting-edge joining and assembly processes for EV/SC applications, marking a new step toward supporting its customers' growing lightweighting needs in next-generation vehicles.
- Nemak maintained a score of "B" in the CDP's internationally recognized Climate Change assessment, which places it above the North American regional average as well as the average for the Company's sector.
- Nemak's operations have received 2023 Top Employer certification in recognition of their implementation of human resources policies and practices prioritizing employee wellbeing. For the second time in the USA, Mexico, and for the first one in Germany.

Automotive Industry

	Millions of Units Fourth Quarter			Millions of Units Twelve Months		
	2022	2021	% Var	2022	2021	% Var
U.S. Vehicle Sales SAAR ⁽¹⁾⁽²⁾	14.1	12.8	10.6	13.9	15.1	(7.8)
North America Vehicle Production ⁽²⁾	3.8	3.3	14.4	14.3	13.0	9.8
North America Nemak Customer Production ⁽²⁾	2.4	2.1	16.1	9.5	8.2	16.3
Europe Vehicles Sales SAAR ⁽¹⁾⁽²⁾	13.8	14.2	(2.5)	14.8	16.1	(8.1)
Europe Vehicle Production ⁽²⁾	4.4	3.9	14.1	15.1	15.5	(2.4)
Europe Nemak Customer Production ⁽²⁾	2.6	2.5	3.1	9.8	10.1	(3.6)

(1) SAAR = Seasonally Adjusted Annual Rate

(2) Source: S&P Global Mobility and Nemak estimates

For the quarter, U.S. light-vehicle SAAR was 14.1 million units, an increase of 10.6% year-over-year ("y-o-y"), attributed to improved availability of new vehicles. However, FY2022 light-vehicle sales fell 7.8% y-o-y, to 13.9 million units, as supply chain constraints continued to weigh on vehicle availability, particularly in the first half of the year. Regarding light-vehicle production, North America saw an y-o-y increase of 14.4% and 9.8% in 4Q22 and FY2022, respectively, due mainly to gradual improvement in supply chain conditions.

In Europe, 4Q22 and FY2022 SAAR dropped 2.5% and 8.1% y-o-y, respectively, to 13.8 and 14.8 million units, largely derived from less favorable macroeconomic conditions, characterized by inflationary pressures and effects of the war in Ukraine. 4Q22 light-vehicle production totaled 4.4

million units, up 14.1% y-o-y, supported by easing supply constraints in the sector; however, for FY2022, this metric declined 2.4% y-o-y.

Financial Results Summary

	Fourth Quarter			Twelve months		
	2022	2021	Δ%	2022	2021	Δ%
Volume (M. Equivalent units)	9.7	8.2	17.8	39.5	35.7	10.5
Revenues	1,119	945	18.4	4,667	3,798	22.9
Operating Income	(3)	43	NA ²	186	229	(18.8)
EBITDA ¹	121	133	(9.0)	542	567	(4.4)
EBITDA ¹ / Eq. Unit	12.5	16.2	(22.8)	13.7	15.9	(13.8)
Net Income	(4)	(50)	NA ²	51	5	NA ²
CAPEX	176	144	NA ²	468	360	NA ²
Net Debt ³	1,236	1,306	(5.4)			

US\$ Millions, except Volume and EBITDA / Eq. Unit

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash Charges

(2) NA = Not applicable

(3) Net Debt = Total Debt - Total Cash

4Q22 and FY2022 volume increased 17.8% and 10.5% y-o-y, respectively, driven by new product launches across all regions where Nemak operates —mainly in its EV/SC segment— and higher light-vehicle production among OEM customers.

4Q22 and FY2022 revenue were 18.4% and 22.9% higher y-o-y, respectively, with the former being driven largely by increased volume, and the latter by a combination of volume and aluminum prices. In turn, these factors more than offset the effects of the depreciation of the euro against the U.S. dollar.

4Q22 and FY2022 EBITDA fell 9.0% and 4.4% y-o-y, respectively, to US\$121 and US\$542 million, as higher revenue, the introduction of new higher value-added products and commercial agreements partially offset the combined impact of inflationary and exchange rate effects and launching expenses. Furthermore, 4Q21 results benefitted from commercial negotiations in Brazil. Consequently, EBITDA per equivalent unit in 4Q22 and FY2022 was 22.8% and 13.8% lower y-o-y, respectively, at US\$12.5 and US\$13.7. Operating Income for 4Q22 and FY2022 was a loss of US\$3 and a profit of US\$186 million, respectively, compared to a profit of US\$43 million in 4Q21 and US\$229 million in 2021, respectively. 4Q22 Operating Income was affected by the impairment of long-lived assets for US\$33 million, most of which was recorded in Asia, in addition to the factors that determined EBITDA performance.

Nemak closed 4Q22 with a US\$4 million Net Loss, which compares to a US\$50 million Net Loss in the same period of 2021. Lower Operating Income, and the foreign exchange loss caused by the fluctuations of the euro and Mexican peso against the U.S. dollar, were partially compensated by a

non-cash tax adjustment in 4Q22. For FY2022, Nemak posted a US\$51 million Net Income, higher than the US\$5 million Net Income in FY2021.

Capital expenditures were US\$176 and US\$468 million in 4Q22 and FY2022, respectively, compared to US\$144 and US\$360 million in the corresponding periods of the previous year. Investment remained primarily focused on supporting new product launches in the EV/SC segment.

As of December 31, 2022, Nemak reported a Net Debt of US\$1.2 billion. The financial ratios were: Net Debt to LTM EBITDA, 2.3 times, practically flat versus the end of 4Q21 and, Interest Coverage of 7.9 times, versus 5.2 times recorded at the end of 4Q21.

Regional Results

North America

In 4Q22, revenue increased 28.5% y-o-y driven by the launch of new products in the EV/SC segment and increased light-vehicle production by Nemak's OEM customers. In turn, EBITDA increased by 14.5% y-o-y driven by higher revenue, which was partially offset by launching expenses and the effects of inflation.

Europe

In 4Q22 revenue grew 8.1% y-o-y driven by the same factors as in North America. EBITDA decreased 23.0% y-o-y, as higher volume was more than offset by the combined impact of inflationary and exchange rate effects and higher launching expenses.

Rest of the World

During 4Q22, revenue increased by 7.5% y-o-y due to higher volume, while EBITDA for the quarter decreased US\$8 million y-o-y. 4Q21 benefitted from one-time commercial negotiations in Brazil.

Methodology for presentation of results

The report presents unaudited financial information. Figures are in Mexican pesos or US dollars, as indicated. For income statement items, peso amounts were translated into dollars using the average exchange rate of the months during which the operations were recorded. For balance sheet items, peso amounts were translated into dollars using the end-of-period exchange rate. Financial ratios were calculated in dollars. Due to rounding, minor differences may occur when calculating percent changes from one period to another.

Earnings webcast information

Nemak's Fourth Quarter 2022 Earnings Webcast will be held on Wednesday, February 15, 2023, 12:00 p.m. Eastern Time (11:00 a.m. Mexico City Time). To participate, please join the [live webcast](#) or dial as follows: Domestic U.S.: (877) 407-0784; International: 1-201-689-8560; Mexico Toll Free: 800 522 0034. If you are unable to participate, the transcript and audio recording of the event will be available on Nemak's website. For more information, please visit <https://investors.nemak.com/>

Forward-looking statements

This report may contain certain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words "anticipate", "believe", "expect", "estimate", "plan" and similar expressions are generally intend to identify forward-looking statements. Nemak is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

About Nemak

Nemak is a leading provider of innovative lightweighting solutions for the global automotive industry, specializing in the development and manufacturing of aluminum components for e-mobility, structure & chassis, and ICE powertrain applications. In 2022, it generated revenue of US\$4.7 billion. For more information about Nemak, visit nemak.com/

Nemak
Income Statement
Millions of Dollars

	For the fourth quarter of:			For the twelve months of:		
	2022	2021	% Var.	2022	2021	% Var.
Volume (million equivalent units)	9.7	8.2	17.8	39.5	35.7	10.5
Total revenues	1,119	945	18.4	4,667	3,798	22.9
Gross profit	113	90	25.6	505	471	7.2
Sales & administrative expenses	(76)	(55)	38.2	(292)	(247)	18.2
Other income (expenses) net	(39)	8	NA ²	(26)	5	NA ²
Operating Income	(3)	43	NA ²	186	229	(18.8)
Interest Expenses	(23)	(17)	35.3	(75)	(112)	(33.0)
Interest Income	1	1	NA ²	6	3	NA ²
Foreign exchange gain (loss)	(10)	(4)	NA ²	(10)	(20)	NA ²
Financing expenses net	(32)	(20)	60.0	(79)	(129)	(38.8)
Participation in associates results	(1)	(3)	NA ²	(1)	(1)	NA ²
Income Tax	32	(70)	NA ²	(56)	(94)	NA ²
Net Income	(4)	(50)	NA ²	51	5	NA ²

	2022	2021	% Var.	2022	2021	% Var.
Operating Income	(3)	43	NA ²	186	229	(18.8)
Depreciation, Amortization & Other Non-Cash items	124	91	36.3	356	338	5.3
EBITDA ¹	121	133	(9.0)	542	567	(4.4)
CAPEX	176	144	NA ²	468	360	NA ²

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash items

(2) Not applicable

Nemak
Balance Sheet
Millions of Dollars

Assets	Dec-22	Dec-21	% Var
Cash and cash equivalents	417	282	47.9
Accounts receivable	636	504	26.2
Inventories	846	826	2.4
Other current assets	28	33	(15.2)
Total current assets	1,926	1,645	17.1
Investments in shares	22	29	(24.1)
Property, plant and equipment, net	2,631	2,560	2.8
Other assets	686	693	(1.0)
Total assets	5,265	4,927	6.9

Liabilities & stockholders' equity	Dec-22	Dec-21	% Var
Bank loans	87	181	(51.9)
Current maturities of long-term debt	29	34	(14.7)
Interest payable	7	7	0.0
Operating liabilities	1,693	1,423	19.0
Total current liabilities	1,815	1,645	10.3
Long-term debt	1,525	1,365	11.7
Labor liabilities	74	71	4.2
Other long term-liabilities	122	121	0.8
Total liabilities	3,537	3,201	10.5
Total stockholders' equity	1,728	1,726	0.1
Total liabilities & stockholders' equity	5,265	4,927	6.9

Nemak Regional Results

Millions of Dollars

Volume (million equivalent units)	For the fourth quarter of:			For the twelve months of:		
	2022	2021	% Var.	2022	2021	% Var.
North America	5.4	4.3	25.0	21.5	18.7	15.2
Europe	3.0	2.9	6.2	13.0	12.6	2.7
Rest of World	1.3	1.1	19.8	5.0	4.4	12.8
Total	9.7	8.2	17.8	39.5	35.7	10.5

Total Revenues*	2022	2021	% Var.	2022	2021	% Var.
North America	623	485	28.5	2,589	1,932	34.0
Europe	366	339	8.1	1,515	1,405	7.8
Rest of World	130	121	7.5	563	461	22.1
Total	1,119	945	18.4	4,667	3,798	22.9

EBITDA ¹	2022	2021	% Var.	2022	2021	% Var.
North America	69	61	14.5	312	272	14.5
Europe	44	57	(23.0)	192	248	(22.6)
Rest of World	8	16	(51.2)	39	47	(17.5)
Total	121	133	(9.0)	542	567	(4.4)

EBITDA ¹ Margin in %	2022	2021	% Var.	2022	2021	% Var.
North America	11%	12%	(10.9)	12%	14%	(14.5)
Europe	12%	17%	(28.8)	13%	18%	(28.3)
Rest of World	6%	13%	(54.6)	7%	10%	(32.4)
Total	11%	14%	(23.2)	12%	15%	(22.2)

EBITDA ¹ USD/Equivalent units	2022	2021	% Var.	2022	2021	% Var.
North America	12.9	14.1	(8.4)	14.5	14.6	(0.6)
Europe	14.4	19.8	(27.5)	14.8	19.7	(24.7)
Rest of World	6.2	15.2	(59.3)	7.7	10.6	(26.8)
Total	12.5	16.2	(22.8)	13.7	15.9	(13.8)

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash items

*To external customers

Nemak
Income Statement
Millions of Pesos

For the fourth quarter of: For the twelve months of:

	2022	2021	% Var.	2022	2021	% Var.
Volume (million equivalent units)	9.7	8.2	17.8	39.5	35.7	10.5
Total revenues	22,052	19,596	12.5	93,926	77,078	21.9
Gross profit	2,235	1,858	20.3	10,152	9,552	6.3
Sales & administrative expenses	(1,505)	(1,141)	31.9	(5,878)	(5,001)	17.5
Other income (expenses) net	(769)	175	NA ²	(497)	111	NA ²
Operating Income	(40)	892	NA ²	3,778	4,662	(19.0)
Interest Expenses	(451)	(360)	25.3	(1,502)	(2,259)	(33.5)
Interest Income	18	16	12.5	115	71	62.0
Foreign exchange gain (loss)	(206)	(74)	NA ²	(196)	(405)	NA ²
Financing expenses net	(639)	(418)	52.9	(1,583)	(2,593)	(39.0)
Participation in associates results	(25)	(67)	NA ²	(10)	(22)	NA ²
Income Tax	618	(1,458)	NA ²	(1,167)	(1,962)	NA ²
Net Income	(85)	(1,051)	NA ²	1,018	85	NA ²

	2022	2021	% Var.	2022	2021	% Var.
Operating Income	(40)	892	NA ²	3,778	4,662	(19.0)
Depreciation, Amortization & Other Non-Cash items	2,428	1,882	29.0	7,130	6,859	4.0
EBITDA ¹	2,388	2,774	(13.9)	10,908	11,522	(5.3)
CAPEX	3,453	2,985	NA ²	9,379	7,343	NA ²

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash items

(2) Not applicable

Nemak
Balance Sheet
Millions of Pesos

Assets	Dec-22	Dec-21	% Var
Cash and cash equivalents	8,065	5,799	39.1
Accounts receivable	12,311	10,389	18.5
Inventories	16,387	16,995	(3.6)
Other current assets	533	685	(22.2)
Total current assets	37,296	33,868	10.1
Investments in shares	420	592	(29.1)
Property, plant and equipment, net	50,939	52,679	(3.3)
Other assets	13,273	14,257	(6.9)
Total assets	101,929	101,395	0.5

Liabilities & stockholders' equity	Dec-22	Dec-21	% Var
Bank loans	1,677	3,732	(55.1)
Current maturities of long-term debt	559	693	(19.3)
Interest payable	137	146	(6.2)
Operating liabilities	32,772	29,281	11.9
Total current liabilities	35,145	33,853	3.8
Long-term debt	29,527	28,093	5.1
Labor liabilities	1,439	1,454	(1.0)
Other long term-liabilities	2,355	2,482	(5.1)
Total liabilities	68,473	65,882	3.9
Total stockholders' equity	33,456	35,513	(5.8)
Total liabilities & stockholders' equity	101,929	101,395	0.5